

REMARKS

In response to the Final Office Action mailed June 19, 2003, the Applicants submit the below remarks and respectfully request reconsideration of the application, as amended, in light of these remarks.

The Examiner rejected claims 1-3, 8-10 and 12 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent 5,794,221 (hereinafter Egendorf) in view of U.S. Patent 6,016,484 (hereinafter Williams). Claim 4 was rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 6,049,785 (hereinafter Gifford). Claims 5-6 and 11 were rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 5,978,780 (hereinafter Watson). Claim 7 was rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of a press release entitled "eBay's Deal with Wells Fargo Allows Sellers to Accept Credit" authored by J. Tessler (hereinafter Tessler). Claims 13-24 are the system form of claims 1-12 respectively and are rejected in a like manner. (In claims 14-24, the phrase user is seen as equivalent to user and second participant is seen as equivalent to further user).

To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. **Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.** The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be

found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

As argued below, the prior art references simply do not teach or suggest all the claim limitations of the independent claims of the present application.

The Examiner admits that Egendorf fails to disclose that the payment instrument selected by the second participant must be acceptable to the first participant. In addition, Egendorf does not teach or suggest performing, in real time, risk analysis that uses at least in part historical information concerning previous participation of the second participant in the network-based transaction facility to determine whether the second participant is qualified to use the selected payment instruments.

In Williams, the transaction is conducted directly between the merchant and the customer and not via an intermediary system that facilitates payment transactions between multiple participants in a transaction facility. Furthermore, Williams does not teach or suggest performing, in real time, risk analysis that uses at least in part historical information concerning previous participation of the second participant in the network-based transaction facility to determine whether the second participant is qualified to use the selected payment instruments. That is, Williams lacks at least the same features of the presently claimed invention that are missing from Egendorf and are included in the following language of claim 1:

...performing, in real time, a risk analysis pertaining to an online payment transaction between the first participant and the second participant using at least in part historical information concerning previous participation of the second participant in the network-based transaction facility to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant ...

Further, each of the additional references cited by the Examiner that include Gifford, Watson and Tessler does not teach or suggest at least the features of the presently claimed invention that are lacking in both Egendorf and Williams. These features of the present invention are also included in the claim language of claims 13 and 25.

Accordingly, Applicants respectfully submit that Applicants' invention as claimed in independent claims 1, 13 and 25 and corresponding dependent claims 1-12 and 14-24 is not rendered obvious by the above references, and respectfully request the withdrawal of the rejection under 35 U.S.C. § 103(a). Applicants furthermore submit that all pending claims are in condition for allowance, which is earnestly solicited.

If the Examiner determines that the prompt allowance of these claims could be facilitated by a telephone conference, the Examiner is invited to contact Marina Portnova at (408) 720-8300.

**Deposit Account Authorization**

Authorization is hereby given to charge our Deposit Account No. 02-2666 for any charges that may be due. Furthermore, if an extension is required, then Applicant hereby requests such extension.

Respectfully submitted,

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